

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Investigation on the Commission's Own Motion Regarding
Innovative Utility Ratemaking Approaches that Promote
Conservation and Efficiency Programs by Removing
Disincentives that May Exist Under Current Ratemaking
Policies

Docket No. 5-UI-114

**WISCONSIN PUBLIC POWER INC.'S
COMMENTS ON STAFF BRIEFING MEMORANDUM**

These comments are submitted on behalf of Wisconsin Public Power Inc. (WPPI). The comments respond to a Notice issued by the Public Service Commission of Wisconsin (PSCW) on September 2, 2008 soliciting parties to comment on the staff's proposed Briefing Memorandum. WPPI requests that the staff clarify the Briefing Memorandum in one respect as it applies to WPPI's earlier comments in this proceeding.

The Briefing Memorandum summarizes WPPI's comment in response to question #9 as follows:

9. Please provide examples of ratemaking mechanisms other than decoupling that could incent utilities to pursue additional energy efficiency spending at a reasonable cost to ratepayers.

The Commission should permit municipal utilities to engage in deferral accounting of conservation and energy budgets so that utilities have an opportunity in the next rate case to recover incurred expenditures in excess of amounts included in approved rates. The Commission should also permit municipals to establish a capital budget approved in a rate case and earn a return on the utility capital invested directly in energy efficiency projects at their own facilities or in customer facilities.

The summary in the Briefing Memorandum is correct in as far as it goes. WPPI requests that the PSCW staff expand this summary to include one important qualification. While WPPI advocated for the PSCW action requested in the above summary from the Briefing Memorandum, WPPI also explicitly stated that the actions should be at the municipal utility's option and that some municipal utilities may want to take advantages and some may not. WPPI's original comments stated:

These two reforms would be options available to a municipal utility. The utility could choose to take advantage of them or not. Its decision likely could depend upon the financial circumstances of their individual utility. Given their missions, a municipal utility and its governing body are likely to elect either or both of these options only if necessary to maintain the financial health of the utility while delivering conservation and energy efficiency services needed and desired by its customers.

WPPI therefore requests that the staff modify proposed Briefing Memorandum to reflect WPPI's recommendation that the proposed actions may be employed at the municipal utility's option, but are not obligatory.

Dated this 17th day of September 2008,

WISCONSIN PUBLIC POWER INC.

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